

Cyprus-U.S. Commercial Ties

Cyprus and the United States enjoy a very close trading and business relationship. Bilateral trade statistics for 2008 and recent years (attached) show that the United States supplied \$188.5 million worth of goods to the island last year, making up 1.7% of Cyprus' total imports. These statistics do not include Cyprus imports of U.S. products, which have been manufactured or re-packaged elsewhere in the EU or even simply trans-shipped through another EU port of entry (provided the VAT has already been paid).

Some of the main U.S. exports to Cyprus for the domestic market include data processing equipment, electrical appliances, specialized vehicles, toys, furniture, and optical, measuring or medical equipment. On the downside, Cyprus imports of U.S. corn have declined considerably in recent years, due to stricter regulations against biotech goods. Additionally, re-exports of U.S. tobacco products through Cyprus to nearby countries, which thrived in the mid- to late-Nineties, are now a thing of the past, since the tobacco companies have found alternative routes for their products.

The United States is also an important export market for Cyprus. In 2008, the United States absorbed \$11.7 million or 0.7% of the island's total exports. Many Cypriot products, such as dairy products, salt, and mineral substances have been doing quite well in the United States in recent years, while others, such as fresh fish hold much potential for growth.

Many other facets of our bilateral commercial relationship are not captured by trade statistics alone, as witnessed by strong bilateral services flows. During 2008, the inflow of services (from the U.S. to Cyprus) was \$446.0 million, compared with an outflow (from Cyprus to the U.S.) of \$307.7 million. These figures are the result of numerous agreements between Cypriot and U.S. service providers -- from accounting firms to Internet providers. Similarly, several very important U.S. firms conduct their international business for the region using Cyprus as a base, while many U.S. fast food franchises are very popular on the island.

Furthermore, the gradual liberalization of Foreign Direct Investment (FDI) regulations has made Cyprus progressively a more attractive destination for U.S. investors. The inflow of U.S. FDI in Cyprus reached \$16.0 million in 2008 (according to preliminary figures), raising the total stock of U.S. FDI in Cyprus over the years to \$379 million. Recent projects involving U.S. investment collaborations with Cyprus include several well-known U.S. foods and drink related franchises, an agreement between a U.S. University medical center and a well-known Cyprus group of companies for the creation of a specialized hospital in Cyprus, major investments in energy exploration and infrastructure, and a significant agreement between U.S. universities and corporations with the Cyprus Institute in the fields of science and technology among others.

In conclusion, the bilateral Cyprus-U.S. business relationship keeps expanding on many levels, as it should. The U.S. Embassy in Nicosia remains dedicated to promoting this relationship further. For additional information, please visit the following websites:

- U.S. Embassy in Nicosia: <http://cyprus.usembassy.gov/>
- Embassy's Commercial Section: <http://www.buyusa.gov/cyprus/en/>
- Cyprus-American Business Association: <http://www.cyaba.com.cy>